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Mid-term review of the sixth country programme for Guatemala

Report of the Administrator

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 3	3
II.	PROGRAMME EVALUATION	4 - 52	3
	A. Changes in the political, economic and social context in which the programme is implemented	4 - 10	3
	B. Relevance of objectives	11 - 13	4
	C. Programme achievements by area of concentration	14 - 41	5
	D. Programme resources	42 - 44	9
	E. Technical cooperation procedures	45 - 52	10
III.	MATTERS OF SPECIAL INTEREST TO THE EXECUTIVE BOARD	53 - 61	11
	A. National execution	53 - 55	11
	B. Cost-sharing	56	12

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CONTENTS (continued)

		Paragraphs	Page
	C. Programme approach	57	12
	D. Gender issues	58	12
	E. Environment	59 - 60	12
	F. Indigenous peoples	61	13
IV.	OPERATIONAL ISSUES	62 - 63	13
V.	COORDINATION OF INTERNATIONAL COOPERATION	64 - 69	13
VI.	ACTION FOR THE FUTURE: CONCLUSIONS AND RECOMMENDATIONS	70 - 73	14
VII.	MEASURES TO BE TAKEN BY THE EXECUTIVE BOARD	74	16
Annex.	Financial summary		17

I. INTRODUCTION

1. The process of completing the mid-term evaluation ended in November 1994, precisely halfway through the implementation of the sixth programme. It was carried out by means of consultations between the Government, UNDP, national executing agencies and the specialized agencies of the United Nations system.

2. The exercise also drew upon the review of the results and the follow-up and tripartite review of projects being executed, as well as exchanges and analyses which the Government and UNDP carry out regularly with the United Nations specialized agencies and other international cooperation partners.

3. On the basis of such consultations, the final version of the evaluation was prepared jointly by the General Secretariat of the National Council for Economic Planning and the UNDP office in Guatemala. The document was approved at a meeting held at the General Secretariat on 24 November 1994.

II. PROGRAMME EVALUATION

A. Changes in the political, economic and social context in which the programme is implemented

4. During 1992 and 1993, the country faced a serious governability crisis resulting from the breakup of the political alliance among the forces which made up the Government, differences among the three branches of government, alleged corrupt practices at the governmental level and the growth of social conflicts. Finally, in June, the Congress of the Republic appointed a new President who, as part of the search for solutions to the domestic armed conflict which had been afflicting the country for over 30 years, submitted a proposal for the resumption of the peace talks with the Unidad Revolucionaria Nacional Guatemalteca which had been at an impasse since the end of 1992. The following agreements have been signed since January 1994: (a) the Framework Agreement for the Resumption of the Negotiating Process between the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca, which establishes the United Nations in the new role of moderator in this process; (b) the Comprehensive Agreement on Human Rights; (c) the Agreement on Resettlement of the Population Groups Uprooted by the Armed Conflict; and (d) the Agreement on the Establishment of the Commission to Clarify Past Human Rights Violations and Acts of Violence that have Caused the Guatemalan Population to Suffer.

5. The President also submitted a government master plan 1994-1995 whose objectives are: (a) consolidation of democracy and the rule of law; (b) poverty alleviation; (c) transformation of the production process; (d) conservation of the natural environment; and (e) modernization of the State. It also gives special emphasis to the processes of decentralization, citizen participation and environmental conservation.

6. One way out of the political crisis is the agreement between the executive and legislative branches, with the support of the Catholic Church, on a set of

constitutional reforms. These reforms were approved in a nationwide referendum and culminated in the new legislative elections of August 1994.

7. In terms of social indicators, Guatemala in 1993 ranked 113th out of 173 countries, according to the human development index. In 1994 the country showed a slight improvement; its ranking rose to 108th, while still remaining one of the lowest in Latin America. According to data provided by the National Institute of Statistics, life expectancy at birth is 64, average per capita income is $1,126 and the illiteracy rate is 55 per cent.

8. In the economic sphere a stabilization and growth policy has been in place since 1991. The fiscal deficit, which in 1991 amounted to 0.5 per cent of the gross domestic product (GDP), rose to 1.5 per cent in 1993 and was expected to remain at that level in 1994. The inflation rate fell from 35 per cent in 1991 to 14 per cent by the end of 1992 and 12 per cent by the end of 1993. The GDP growth rate was 4 per cent in 1993 as compared with 4.6 per cent in the previous year. For 1994, the Bank of Guatemala predicted a GDP growth rate of 5 per cent and an inflation rate of 8 per cent, figures which do not seem plausible in the light of current economic trends in the country.

9. In 1993 the fiscal situation deteriorated in comparison with that of the previous two years. The tax reform undertaken in 1992 did not yield the desired results and produced a budget gap for 1993 of over $150 million. For 1995 the financial situation was particularly critical in view of the persistence of tax revenue problems.

10. In addition, as a result of the political crisis, the 1994 budget was not approved; accordingly, the Government is operating at 1993 budget levels. This financial crisis has limited the Government's capacity to fulfil its objectives and targets, particularly those relating to poverty alleviation and due compliance with its international obligations.

B. Relevance of objectives

11. The sixth programme is concentrated in three strategic areas: (a) strengthening of the peace and national reconciliation process; (b) stabilization and economic growth; and (c) poverty alleviation.

12. Despite the political and institutional changes which have taken place in the country since May 1993, the strategic programme areas remain relevant, since they are fully consonant with the new Government's development strategy as contained in the governing plan for 1994-1995.

13. In this context there was discussion of the need to give still greater emphasis in the management of the programme to two basic criteria: (a) support for the consolidation of the national peace and reconciliation process; (b) promotion of the administrative decentralization of the State. Stress was also laid on the growing importance which should be attached to the promotion of the rational use of renewable natural resources and environmental protection through participatory strategies which can strengthen communities and facilitate the sustainability of the achievements made.

C. Programme achievements by area of concentration

1. Consolidation of the national peace and reconciliation process

14. The projects undertaken in this area have reflected two general action approaches. The first focuses on activities related to institutional strengthening so as to facilitate and expedite the management of the peace process as a whole. The second consists of meeting the needs of uprooted population groups and reknitting the social fabric in regions affected by the armed conflict.

15. With regard to support for national peace efforts, a first achievement has been the convergence of various United Nations initiatives in Guatemala aimed at supporting peace-building and human development. The role played by the system throughout the process contributed to the signing of the agreements of 8 October 1992 between the Government and the Permanent Commissions of Guatemalan Refugees in Mexico, which made possible the collective and orderly return of such refugees.

16. The Government and UNDP cooperated closely in the establishment of the former peace plan and the current one, providing them with an element of continuity. In support of the peace plan, UNDP has cooperated in the design and coordination of the institutional structures required to fulfil the commitments which peace demands. Some of these efforts have supported the formation of the National Peace Fund, an emergency institution under the authority of the President of the Republic, the purpose of which is to finance community-based social projects in the areas affected by the conflict. These efforts contributed to the definition of the Fund's methodological approach and the formulation of an initial portfolio of projects. The design of the National Fund for Indigenous Peoples, for the establishment and functioning of which the Government has allocated 20 million quetzals (approximately $4 million), has also been supported.

17. In order to integrate and coordinate domestic resources and those stemming from international cooperation in support of this process, the Government and UNDP have cooperated in the establishment of intergovernmental coordinating mechanisms. Among them are the Presidential Office for Peace, Development and National Reconciliation, which will take charge of coordinating the actions required and strengthening the Government's capacity to fulfil the commitments deriving from the peace agreements.

18. UNDP has cooperated in the carrying out of the functions of the Independent Expert of the Secretary-General for Human Rights by providing logistical support for his missions and implementing his recommendations. Intensive technical and logistical support has also been provided to the United Nations Moderator of the peace process in Guatemala and to the technical team preparing for the establishment of the Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights; the Mission arrived in the country on 20 September 1994.

19. Moreover, within the framework of the International Conference on Central American Refugees (CIREFCA), support was obtained for the formulation and implementation of a national strategy to meet the needs of uprooted population groups. This strategy is based on an inter-agency coordinating effort by the United Nations which, under the leadership of the Office of the United Nations High Commissioner for Refugees (UNHCR), has facilitated the collective and orderly return of Guatemalan refugees from Mexico. The mobilization of a substantial volume of external resources for such return ($58 million channelled through the Government and the United Nations specialized agencies and $26 million through non-governmental organizations) has also been facilitated.

20. With regard to the settlement of repatriated population groups, UNDP has cooperated with the Government in the identification of 118 large estates as potential areas of settlement, the carrying out of 127 soil studies, the legalization and award of land titles, the surveying of boundaries and the design of urban centres. These actions have afforded basic criteria for the resettlement of 8,000 persons who returned during the first collective repatriation efforts.

21. Most of these actions have been concentrated in the department of El Quiché, in which the armed conflict has had the greatest impact, the country's most vulnerable social groups are concentrated and the State's institutional presence is weak. Through the Development Programme for Displaced Persons, Refugees and Returnees in Central America (PRODERE), a basic social and productive infrastructure has been established in four Quiché municipalities regarded as possible areas of return and as internal displacement zones. In these municipalities, local development management capacity has been strengthened through the establishment of 272 local development committees, the training of 4 municipal governments, the organization of 17 microregional committees, the generation of sources of employment and income and the laying of the groundwork for sustainable development in these communities.

22. With regard to communication and infrastructure, PRODERE built or contributed to the rehabilitation of 328 km of roads; built 7 bridges and rehabilitated 7 others; carried out rural telephony studies and supported the installation by the Guatemalan telephone company (GUATEL) of telephone lines for the municipality of Ixcán; and carried out the prefeasibility study for a mini-hydropower station for the Ixcán area.

23. As part of the efforts to promote and ensure respect for human rights, PRODERE strengthened the national, departmental and municipal bodies responsible for the documentation of persons and the award of property titles. As a result of such strengthening, 17,400 people have been provided with personal documentation, 6,200 with property titles and 27,800 with legal assistance services. The presence of the Office of the National Counsel for Human Rights and courts of the peace, the formation of municipal police forces and the holding of 70 workshops for the promotion of human rights have also been supported.

2. Stabilization and economic growth

24. The projects and programmes within this area of concentration have centred mainly on two broad objectives, namely, to further efforts to support the modernization and decentralization of the administrative structure of the State, and to help strengthen the productive process by improving technology, efficiency and competitiveness.

25. As regards support for efforts aimed at modernizing and decentralizing the administrative structure of the State, steps are being taken, jointly with the Ministry of Finance, to decentralize the Internal Revenue Service to the departmental level, through training programmes for departmental personnel, organizational restructuring and provision of the necessary material support to each departmental centre. One result has been that the number of tax services available to all the departments has increased.

26. In addition, the number of registered taxpayers has increased, in the space of a year and a half, from 23,663 to 83,117 and the State's tax receipts have increased by 9.5 per cent. Customs revenue rose by 10.7 per cent, from 993 million quetzales (US$ 198.6 million) in the first half of 1993 to 1,100 million quetzales (US$ 220 million) in the first half of 1994.

27. As regards efforts to strengthen the productive process, Guatemala's San Carlos University has been helped in the area of technological management for small and medium-scale enterprises and in its efforts to establish better ties with the productive sectors across the country. One result has been that over 100 professionals, students and professors have received training in the field of scientific and technological management. In addition, the strong rapport which has developed between the University and society has led to an increased demand for technical services, especially within the country's productive sector, as a result of which at least 10 service contracts have been concluded. A science and technology programme was drawn up and approved at the University, thereby opening the door to scientific and technological research; as a result there are 50 research and development project outlines for which financing is now being sought.

28. The Ministry of Food and Agriculture and UNDP are jointly executing technology transfer and training programmes for poor peasants in Zacapa, Chiquimula and Huehuetenango departments. These programmes are designed to improve the peasants' - especially the women's - agricultural, livestock and handicrafts products and promote soil conservation and sustainable use of forest resources.

29. In order to market the surplus and promote investment among small-scale producers in those same areas, steps are being taken to help open up new markets for finished goods and provide supervised credit facilities. In addition, steps have been taken to enhance the capacity of local governments for sustainable development.

30. It is hoped that, within five years, 5,200 families (about 30,000 individuals) in the departments of Zacapa and Chiquimula will have benefited directly from the programme and that their income will have increased from

US$ 800 to US$ 1,200 per annum. In Huehuetenango, it is hoped that 9,000 families (approximately 54,900 individuals) will benefit directly from the programme within seven years and that their family income will increase from US$ 800 to US$ 1,600 per annum.

3. Alleviation of poverty

31. The projects undertaken in this area are centred on two main objectives: firstly, to support social investment funds and other initiatives designed to generate employment and improve the incomes of poor rural communities, and secondly, to improve the quality and coverage of health services and the educational system.

32. As regards social investment funds, UNDP worked with the Government in drawing up the technical and management framework for the operation of the Social Investment Fund (FIS). This resulted in the creation of the Fund as a legal entity in 1993 and the commencement of its operations in 1994. In addition, UNDP helped the Fund with the negotiations and in meeting the conditions of effectiveness required by the World Bank, leading to a loan of US$ 20 million, and also helped negotiate loans amounting to US$ 18 million with other donors, including Germany's Kreditanstalt für Wiederanfban, which provides credit for reconstruction.

33. The Fund, which is a key instrument of the Government's social development programme, is preparing, for 1994, a portfolio of over 1,000 physical and social infrastructure projects to benefit poor rural communities, and aims to have put in place at least 360 projects by that time, in accordance with the objectives set jointly with the World Bank.

34. As regards other initiatives designed to generate employment and improve the incomes of poor rural communities, assistance has been provided to projects and initiatives in the area of family food security, especially through productive activities designed to raise family incomes. To date, at least 30,000 families have benefited from the family food security programme. In addition, steps are being taken to promote implementation of agricultural and livestock projects through non-governmental organizations, local groups and local offices of the Ministry of Agriculture.

35. In the department of El Quiché, the Development Programme for Displaced Persons, Refugees and Returnees in Central America (PRODERE) has contributed to the creation of approximately 1,700 jobs and provided more than US$ 1 million in loans to 7,200 beneficiaries, as well as management and technical training. In addition, and in order to ensure the sustainability of these efforts, financial and technical assistance has been provided towards the establishment of two local development agencies in the municipalities of Ixcán and Ixil.

36. As regards improving the quality and coverage of the education system, the project for curricular improvement and reorganization, in collaboration with the Ministry of Education, is promoting a new participatory methodology for education centred on reorganizing the school curriculum to meet the needs and

interests of the pupils and communities. This project has produced significant results.

37. The first was the preparation and adoption of a new school curriculum for the pre-school and primary levels. Eighty new titles were prepared, they include handbooks for students, handbooks for teachers, and textbooks with a flexible and participatory focus. As a result, 1 million units of educational source materials were published and distributed to primary schools and pre-school programmes across the country. Secondly, training has been provided to nearly 1,000 local experts, guidance counsellors, school supervisors and principals as well as national and departmental training officers in curriculum development methodologies and in-service training for trainers. In addition, 45,000 pre-school and primary schoolteachers throughout the country have benefited from at least one training course and, in addition, 3,000 principals and supervisors have received training in school administration and supervision, either by attending the courses or on a distance-learning basis.

38. Thirdly, in the context of the curricular reorganization, a new curriculum was developed for the university-level training of primary-school teachers; it was used, by agreement with Rafael Landívar University, in the training of 120 professionals working for a degree in primary education. It will also be used during 1995 in the training of 8,000 teachers who are currently in service.

39. Fourthly, in order to facilitate intercultural activities, a package was developed for intercultural education and the teaching of Spanish as a second language. The teaching materials were prepared for 40,000 children in three regions of the country, and teachers were trained to use the materials.

40. PRODERE has also helped set up local education systems in El Quiché; these enable communities to take an active part in education management. By means of joint efforts with local education authorities, some 20,000 adults have learnt to read and write; 57 schools have been rehabilitated, and 151 equipped, for the benefit of about 24,000 boys and girls.

41. Regarding health services, PRODERE has supported the organization of 40 local committees, making up two local health systems. To ensure their operation and sustainability, 121 nursing auxiliaries, as well as 751 community workers and midwives, have been trained. Also, 27 health centres have been rehabilitated and/or built, and about 92,000 persons are estimated to have benefited from the installation of latrines, drinking water and sewage systems.

D. Programme resources

42. One significant aspect of the sixth programme's budgetary structure is the importance taken on by Government cost-sharing, and other sources of funding such as the Governments of Italy and the Netherlands. To date cost-sharing comes to $48 million, including sums approved and in preparation, four times what was estimated at the beginning of the sixth programme and seven times the IPF available for programming (see Financial Summary, annex). This shows the efforts made by the UNDP office to obtain additional resources in support of improved implementation of the programme.

43. To date, 15 projects have been completed for a total cost of $905,265. Another 34 projects have been approved and are being implemented, for a total of $37.8 million, and approval is pending for 18 other projects, totalling $13.6 million. Total resources available for programming amount to $2.5 million.

44. If we look at ongoing projects to see how resources (i.e. IPF plus cost-sharing) are allocated among the three areas of concentration of the sixth programme, we see that the bulk of resources, 48 per cent or $18.7 million, are concentrated in the "Consolidation" area. The "Alleviation of Poverty" area has 26 per cent of the resources, or $10 million, and the remainder, $9.9 million, is in the area of "Stabilization and Economic Growth" (see annex).

E. Technical cooperation procedures

45. In formulating the sixth programme, various technical cooperation procedures were considered. The most important are: the ever-increasing use of national experts and consultants, implementation of projects through non-governmental organizations and other grass-roots organizations, use of United Nations Volunteers (UNV), and increased technical cooperation among developing countries. To date, considerable progress has been achieved in these areas, as detailed below.

1. National experts

46. As a follow-up to the efforts begun with the fifth programme, and in keeping with the increasing number of nationally executed projects, greater and more efficient use has been made of the human resources available in each country. To date, 20 experts with managerial functions have been appointed to nationally executed projects.

2. Non-governmental organizations and other grass-roots organizations

47. As proposed in the sixth programme, use of non-governmental organizations and other grass-roots organizations in project implementation has increased considerably. Non-governmental organizations have been closely involved in the provision of financing and technical cooperation to microenterprises under the National Microenterprises Programme. Non-governmental organizations and other organizations are currently implementing food security projects in support of government institutions in the agricultural sector.

48. Non-governmental organizations and local grass-roots organizations are also carrying out numerous social-investment, infrastructure, production and economic projects financed by PRODERE in rural areas which are impoverished or affected by the armed conflict; they include the following: Rural Development in the Sierra de los Cuchumatanes, Cuchumatanes Forestry development, support for the National Peace Fund and support for the management of the Social Emergency Fund.

3. United Nations Volunteers

49. The United Nations Volunteers programme has been growing, and currently has 17 specialists supporting a number of projects. In March 1994, UNV adopted a new approach which includes engaging national and local volunteers. In addition, as part of this approach, the office of the subregional programme for Central America was established in Guatemala; it is hoped that this will further the exchange of volunteers in various parts of the region.

4. Technical cooperation among developing countries

50. In the light of the experience acquired by other countries in the region, particularly in respect of poverty alleviation, decentralized education, and financial intermediation funds, a number of missions were organized to exchange experience with Honduras, Bolivia, Mexico, Chile and El Salvador.

51. In addition, through the interregional project for technical cooperation among developing countries, financing was provided for the participation of Latin American indigenous women in the First Seminar-Workshop for Latin American Indigenous Women Weavers. The seminar, which was organized by the non-governmental organization Belejeb Batz and financed largely by the Office of the National Counsel for Human Rights, was held in Guatemala City in 1993.

52. The Government and UNDP reaffirm their willingness to continue using technical cooperation among developing countries as a means of complementing and enriching the activities of nationally executed projects.

III. MATTERS OF SPECIAL INTEREST TO THE EXECUTIVE BOARD

A. National execution

53. Since the beginning of the sixth programme, one of the main objectives of the Government and UNDP has been to promote the application of the national execution modality. This has involved self-training efforts, the devising of internal modalities and procedures and a reorientation of the local UNDP Office to respond to the challenges associated with this modality.

54. So far the experience has been satisfactory. Over 90 per cent of projects are being executed under this modality, which has resulted in a greater transfer of knowledge about the management and design, implementation and evaluation of programmes and projects. This has been made possible by training activities which have already been initiated and are expected to be expanded and strengthened for the rest of the current cycle.

55. This modality has also made possible an increased and better use of national human resources and the introduction of more flexible managerial and administrative mechanisms which have reduced execution costs and times. Through mechanisms such as TSS-1 and TSS-2, the United Nations specialized agencies are providing technical support to promote a strengthening of this modality. At present the implementation of a TSS-1 for the agricultural and natural resources

sector, in association with the Food and Agriculture Organization of the United Nations (FAO), is about to begin; the national counterpart agency is the Ministry of Agriculture, Livestock and Food.

B. Cost-sharing

56. So far an amount of almost $48 million has been mobilized in the form of cost-sharing from various bilateral and multilateral sources and from the Government itself. The cooperating entities and Government institutions consider this modality to be particularly useful because of the added value provided by UNDP in terms of the flexibility, transparency and quality of the services offered. Among the cooperation sources which are using this modality are Italy, the Netherlands, the World Bank and the International Fund for Agricultural Development (IFAD). Negotiations are well under way for establishing cost-sharing agreements with France, Norway, Sweden and the Inter-American Development Bank (IDB).

C. Programme approach

57. The Government and UNDP have adopted a programme approach to the three areas of concentration of the sixth programme. The projects being executed fall within one of these areas and form groups of projects which are coherently interlinked and conceptually related through the theme of sustainable human development.

D. Gender issues

58. The Government and UNDP have promoted gender issues, particularly through their integral development projects of areas in El Quiché, Zacapa-Chiquimula, los Cuchumatanes and Quetzaltenango. Seminars and forums have been organized on the problems of displaced women and indigenous women and support has been provided for the activities of the National Office for Women (ONAM).

E. Environment

59. On the basis of the Central American Agenda on Environment and Development, adopted by the Central American Commission on Environment and Development in February 1992 and by the presidential summit in June of the same year, a document describing the region's environment and development situation has been prepared within the framework of project CAM/90/013.

60. In addition, a set of projects has been developed at the subregional and national levels promoting the use of the various lines of financing for environmental projects (Global Environment Facility (GEF), Capacity 21 and the Montreal Protocol). Support is also being given to other initiatives such as the establishment of a sustainable development network, the formulation of an action strategy for the private sector and the strengthening of the national commission on the environment.

F. Indigenous peoples

61. Special attention has also been paid to the indigenous peoples, who constitute the main target population of the sixth programme, especially in its areas of consolidation of the national peace and reconciliation process and alleviation of poverty. In this context, UNDP has supported various Government institutions in encouraging bilingual and bicultural education projects, starting up the national indigenous fund and promoting ratification of the Convention concerning Indigenous and Tribal Peoples in Independent Countries (Convention No. 169), which has already passed second reading in the Congress of the Republic.

IV. OPERATIONAL ISSUES

62. The national execution modality has undergone rapid growth in Guatemala and now accounts for the administration of about 90 per cent of programme resources. This rapid growth gives rise to special opportunities and challenges for the consolidation and sustainability of the national execution modality which should be taken up jointly by the Government and UNDP, in close collaboration with national executing agencies and the United Nations specialized agencies.

63. The growth of national execution places considerable additional operational demands both on the Government and its executing agencies, and on the UNDP office, which provides various support services for national execution. The Government and UNDP believe that the follow-up and support which they both provide for nationally executed projects should be enhanced in order to ensure better rates of execution, greater coordination and impact of projects in the areas of concentration, and increased administrative flexibility. In addition, greater technical support needs to be secured for such projects through the TCDC mechanism and the participation of the United Nations specialized agencies.

V. COORDINATION OF INTERNATIONAL COOPERATION

64. The sixth programme has been designed, since the outset, to complement and be complemented by the efforts of the United Nations specialized agencies. To that end, mechanisms have been established to coordinate the programmes and projects of the various agencies. This has made it possible to establish joint priorities and intervention strategies.

65. This is the case for the special short-term funds approved by the Government to alleviate poverty and assist peoples affected by the internal armed conflict in the impoverished rural areas of Guatemala for whom the agencies are carrying out concentrated action. The Peace Fund and the Social Investment Fund, for example, receive technical and financial support from the World Bank, the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the World Health Organization (WHO), the United Nations Volunteers and UNDP with a view to improving the socio-economic conditions of impoverished rural communities.

66. In addition, various specialized agencies are supporting the Government's efforts for effective decentralization and the implementation of the human development concept at the local level. UNDP, UNICEF, WFP and WHO, through their various programmes and projects, are supporting the development of local systems of health, education, employment, economic production and human rights.

67. In a coordinated manner, the Government and UNDP have actively promoted cooperation with other international bodies, which has resulted in the co-financing of projects by institutions such as the World Bank, IDB and IFAD. Among these, mention may be made of the joint activities carried out by IFAD and UNDP to increase the incomes of poor peasants in the Huehuetenango, Zapaca and Chiquimula areas and the project to strengthen the operation of the Social Investment Fund in cooperation with the World Bank.

68. In addition, there are constant exchanges of information and experience with the international community. Working groups have been established on the topics of greatest national interest such as decentralization and governance, education, the environment, the peace process and uprooted populations.

69. To support the aid coordination efforts, the Government and UNDP have implemented a permanent system of information and consultations on the technical and financial cooperation provided to Guatemala. This system is currently being used as an input for Guatemala's presentation to the Joint Consultative Group on Policy and the preparation of a package of projects for peace.

VI. ACTION FOR THE FUTURE: CONCLUSIONS AND RECOMMENDATIONS

70. The Government master plan 1994-1995 includes, among its main objectives, the following: (a) consolidation of democracy and the rule of law; (b) poverty alleviation; (c) transformation of the production process; (d) conservation of the natural environment; and (e) modernization of the State. It also gives particular emphasis to the processes of decentralization, citizen participation and environmental conservation.

71. On the basis of this proposal and the analysis made of the implementation of the sixth programme, it is concluded that the programme's three areas of concentration continue to be of primary importance from the point of view of government management. At the same time, it should be noted that the progress made in the implementation of the government agenda, particularly in respect of the national peace and reconciliation process, with its broad implications for Guatemala's social and economic life, requires even greater concentration and emphasis on the management of what remains of the sixth programme, in support of the peace and reconciliation process. The importance of strengthening the process of State decentralization should be noted also in view of its relevance from the point of view of citizen participation and democratization of the State and the more effective alleviation of poverty in the districts within Guatemala with the highest levels of poverty.

72. These two national objectives - consolidation of peace and decentralization of the State - should be given priority in the management of the programme. The limited resources available should be channelled and mobilized, as a matter of

priority, towards programmes and projects which contribute directly to achieving those objectives. In addition, it should be determined how the programmes and projects which are currently being implemented could be linked more closely with those objectives.

73. More specifically, the mid-term review concludes:

(a) The Government and UNDP will have to work closely together in formulating and implementing a package of projects designed to fulfil the commitments deriving from the signing of the peace agreements, and in establishing a managerial system for the implementation of those agreements. The coordination of the United Nations system in fulfilling its responsibilities under those agreements will have to be improved. In order to promote fulfilment of the commitments made under the peace plan, it will be particularly important to strengthen concerted action and the coordinating mechanisms between the specialized agencies of the United Nations and the cooperating community in general;

(b) In the area of poverty alleviation, sustainable human development will have to be promoted at the local level through support of the decentralization process and a strengthening of the technical, managerial and administrative capacity of local bodies, particularly departmental development councils and municipalities. To that end, emphasis will have to be placed on capacity-building for the organization and management of the territory from the political, fiscal, economic, social and cultural points of view. Particular emphasis will have to be placed on mechanisms for local participation, and the establishment and consolidation of local systems of health, education and human rights and local development agencies;

(c) The environment will be introduced as a variable to be applied equally to all projects in the country programme. In particular, the environment will be a basic factor in land administration and management, for which the capacity of departmental councils and municipalities to manage environmental and natural resources as part of local development plans and strategies will be strengthened;

(d) Future activities of the sixth programme will continue to focus on geographical matters in accordance with the priorities established by the Government. These activities will concentrate on the seven departments in the country which are considered to have priority because of their high levels of poverty and because they comprise the geographical area that has been most seriously affected by the armed conflict. The departments in question are El Quiché, Huehuetenango, San Marcos, Totonicapán, Quetzeltenango, Chimaltenango and Sololá, which represent some 25 per cent of the national territory and have a high percentage of indigenous population;

(e) The programmes and projects of a number of United Nations specialized agencies, together with exchanges of information and experience with the international community will continue to be strengthened in order to take advantage of each agency's special competence and to optimize cooperation. In addition, a permanent system of information and consultation on technical and financial cooperation with the country will be maintained;

(f) To ensure that the programme is more and more directly aligned with government priorities in this period, the Government, through the Secretariat of the National Council for Economic Planning, and UNDP have agreed on the need to reinforce their coordination in evaluating and monitoring projects. Thus, the timely implementation of corrective measures or new strategies will be facilitated. Joint efforts will also be made to strengthen country project execution mechanisms.

VII. MEASURES TO BE TAKEN BY THE EXECUTIVE BOARD

74. As a result, the Executive Board might also wish to take note of the present report.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. Resources available for country programme period

	$	$
IPF		6 812 000 a/
Estimated cost-sharing		48 042 000
Total		54 854 000

B. Commitments

Approved programme/project budgets b/		
Approved and allocated IPF	4 158 000	
Approved and unallocated IPF	-	
Approved and allocated cost-sharing	34 581 000	
Approved and unallocated cost-sharing	-	
		38 739 000
Pipeline programme/projects		
IPF	152 000	
Cost-sharing	13 461 000	
		13 613 000
Total		53 352 000

C. Balance of resources available for further programming

IPF	2 502 000	
Cost-sharing	-	
Balance of resources available		2 502 000 c/

a/ Compared to the $9,731 million originally anticipated for the sixth country programme; the reduction results from the 70 per cent IPF programming limitation.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF and cost-sharing resources available plus joint programme funding less approved and allocated/unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

II. PROPOSED (P) AND ACTUAL (A) ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION

(Thousands of dollars)

Area of concentration	IPF		Cost-sharing		Total		Total in percentage	
	(P)	(A)	(P)	(A)	(P)	(A)	(P)	(A)
I. Peace-keeping		609	770	18 122	770	18 731	5	48
II. Economic growth	(148)	1 842	4 562	8 156	4 414	9 998	27	26
III. Poverty alleviation	300	1 707	8 129	8 303	8 429	10 010	52	26
Resources not programmed	2 502				2 502		16	
Total	2 654	4 158	13 461	34 581	16 115	38 739	100	100

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

(Thousands of dollars)

	At outset of programme	At mid-term review
A. UNDP-administered funds	150.0	290.0
Special resources	20.0	20.0
UNRFNRE		
Subtotal	170.0	310.0
B. Other United Nations resources		
UNFPA	1 258.0	1 258.0
UNICEF	27 186.6	7 009.0
WFP	44 649.9	44 649.9
IFAD	7 000.0	10 000.0
Other United Nations agencies	4 500.0	4 500.0
Global Environment Facility	15.0	
Subtotal	84 609.5	67 416.9
C. Non-United Nations resources	-	-

Total	84 779.5	67 726.9